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BLM Cedar City Field Office Site Inspection Report

January 8, 2002

To: Case file UTU-72232, 43 CFR 3809 POO
Gemstone Mining Inc., Red Emerald Mine

From: Ed Ginouves, CCFO Mining Engineer

Subject: Site Inspection

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DIVISION OF
OIL GAS AND MINING

On January 8, 2002, I made an inspection of Gemstone Mining Inc.'s (GMI) Red Emerald Mine. I was accompanied on the inspection by Clint Christensen, President of CMS, the reclamation contractor. Reclamation work at the mine site had commenced on November 14th, and had been completed in late December. Clint had requested that I examine the reclaimed site and, if found satisfactory, notify DOGM that the bond could be released. The previous inspection was on December 4, 2001. For details on access to the site and former operational procedures, refer to the June, 2001 and prior inspection reports. The weather was partly overcast and warm. Several inches of snow was on the access road and surrounding the disturbed areas, but all the reclaimed areas were free of snow.

The reclamation work was performed according to the plan and appeared very satisfactory. The mine gate, access road from the gate up to the mine office (bunkhouse) pad, and the bunkhouse are the only unreclaimed features on the site. All other disturbances had been reclaimed and seeded. Red Emerald Inc., the company representing the owners of the upper pit reserves has submitted a plan of operations on Dec. 17, 2001 to resume small scale mining operations within the reclaimed upper pit area. They also proposed to utilize the existing mine road, mine gate, and bunkhouse. That is why these features were left unreclaimed. Red Emerald will acquire the reclamation responsibility for these features when they post a bond to cover their proposed operations.

Sufficient native topsoil was recovered during reclamation operations to satisfactorily topsoil all the reclaimed areas. This topsoil is intermixed with mostly cobble-sized pieces of altered rhyolite but represents a large enough fraction of the total cover that re-vegetation success should be good. The topsoiled surface was left in loose and roughened condition ideal for broadcast seeding. All of the waste dumps had been re-sloped to stable contours, and drainage ways re-established. Portions of the highwall of both the upper and lower pits remain. The portion of remaining highwall in the lower pit is to low in elevation to be visible except from the northern Wah Wah Valley. The highwall in the upper pit, this being the face that is visible from the east, had been virtually removed by backfilling and is unlikely to represent a visibility problem anymore. Because of the topsoil coverage (altering the surface color from bright white to brown), the visibility of the disturbed areas is drastically reduced from a distance. The old access trail and gate to the site had been ripped and blocked and the gate removed. The cable dozer had been relocated to the base of the mine road and will shortly be hauled away for salvage.

Clint noted that the seeding of the site had been done by a sub-contractor in late December at a cost of ~\$9,600.00 for the 17 acres seeded. The contractor utilized ATV mounted seed spreaders and hand broadcasting. Seed cost was ~\$4,500.

Photographs of the reclaimed pit areas and waste piles were obtained and are attached.

I told Clint I would send a letter to DOGM immediately recommending bond release except for sufficient funds to cover possible re-seeding, and reclamation of the remaining unreclaimed features should the proposed plan of operation not materialize.

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Photo 1: Panoramic view of reclaimed Red Emerald (GMI) mine site looking west from "squirrel rock" (hilltop elev. 6842' on topo). Note drastically reduced contrast of color by topsoiling the site. Photo taken January 8, 2002 by Ed Ginouves.

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Photo 2: View of reclaimed lower (Harris) pit area looking southwest from edge of reclaimed lower pit waste dump. Photo taken January 8, 2002 by Ed Ginouves.

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Photo 4: View of reclaimed upper pit and waste dump area, and upper portal area, looking southwest from remaining mine road. Photo taken January 8, 2002 by Ed Ginouves.

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Photo 3: View of reclaimed lower (Harris) pit and waste dump area looking northeast from northwest edge of the pit area. Photo taken January 8, 2002 by Ed Ginouves.

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Photo 5: View of reclaimed GMI waste dump area, and lower portal bench area looking south from remaining mine road. Photo taken January 8, 2002 by Ed Ginouves.